THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir.

(b) Whereas the percentage of net profit to total assets of public sector banks increased from 0.96% in 2002-03 to 1.15% in 2003-2004, over the same period it declined from 1.57% to 1.54% in foreign banks. During this period, in terms of net profits, the public sector banks registered a growth of 31.9%, as against foreign banks' profit growth of 14.9%.

(c) Steps taken or proposed to improve the functioning and profitability of the Nationalised Banks include enactment of laws to improve recovery of Non-Performing Assets; deregulation of interest rates; introduction of prudential norms; reduction in Statutory Liquidity Ratio and Cash Reserve Ratio; and encouragement to Information Technology, Organizational Restructuring, improvement in human resource management and customer service, diversification in their lines of business, etc.

Merger of banks

MO. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to merge all the nationalised banks into seven large entities;

(b) if so, the details thereof;

(c) whether any study group has recommended this step;

(d) by when banks will undergo such a merger; and

(e) what are the advantages of such a merger?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) There is no proposal before Government to merge all the nationalised banks into seven large entities.

(c) Yes, Sir. The Committee on Banking Sector Reforms (Narsimham Committee-ll) recommended that merger of public sector banks, if any, should be at the instance of the managements of the concerned banks.

(d) The decisions regarding mergers and their timing have to be taken by the managements of the concerned banks.

(e) Mergers, if based on the principles of business complementarity and synergy, can be helpful in terms of branch network rationalization, and in improving the competitiveness of the merged entities.

WRITTEN ANSWERS TO UNSTARRED QUESTIONS

FDI in International airports

29. SHRIMATI VANGA GEETHA: Will the Minister of CIVIL AVIATION
be pleased to state:

(a) the policy framed for foreign direct investment in building two international airports in Mumbai and New Delhi;

(b) what are the reasons for protests and dharnas by trade union in this regard; and

(c) the measures proposed for a comprehensive look at all the airports that need to be upgraded?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) Government has decided that maximum permissible limit for foreign direct investment in the Joint Venture Companies for the international airports in Mumbai and New Delhi will be fixed at 49 per cent.

(b) Airports Authority Employee's Union is protesting against the restructuring and modernisation of Delhi and Mumbai airports through Joint Venture route with Private Sector Participation.

(c) Upgradation and Modernisation of airports of Airports Authority of India (AAI) is an on-going process. AAI takes up the works of modernisation and development of airports as necessitated *inter-alia* by the status of passenger facilities and the air traffic requirements.

Upgradation of airports

30. PROF. M.M. AGARWAL: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government propose to upgrade those airports which are not upto the standard of world class airports;